



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFOR

**FILED**

6-27-16  
04:59 PM

Rebecca White, Fred Avalos, Jason Sullivan,  
Uel Furnas, Jeff Charist, Steve & Teresa Poole,  
John Rosh, Jeff Sindlinger, Leroy Chism, Jesus  
Gallardo and Todd Tenhet,

Complainant,

vs.

California Water Service Company (U-60-W),

Defendant.

Case (C.) 16-05-010

(Filed May 17, 2016)

**ANSWER OF CALIFORNIA WATER SERVICE COMPANY (U 60 W)  
TO COMPLAINT**

**I. INTRODUCTION**

Pursuant to Rule 4.4 of the Commission's Rules of Practice and Procedure ("Rules"), California Water Service Company ("Cal Water") respectfully submits this Answer to the formal complaint filed by Rebecca White, et al. ("Complainants"). For the reasons discussed below, Cal Water respectfully requests that the Commission dismiss this complaint.

With some key exceptions, Cal Water does not contest the material facts that Complainants have presented in their Complaint. While Cal Water is sympathetic to Visalia residents who can no longer rely on their private wells as water tables drop, Cal Water made every effort to work with Complainants and the City of Visalia to install a water line whose primary beneficiaries are Complainants, while ensuring that Cal Water's existing customers do not unknowingly subsidize the project.

Cal Water's actions have been consistent with company practices and the Commission's rules and procedures. Complainants do not in fact identify any violation of a specific rule or law. The primary dispute appears to be who should have funded the main that Cal Water

installed in 2015 down Atwood Street, a project specifically requested by Complainants, who are within Cal Water's service area but were not customers of Cal Water prior to the project. Complainants are residential property owners adjacent to Atwood Street whose wells were failing. By now requesting that Cal Water "refund" the costs of the main project to the thirteen property owners, Complainants are essentially arguing that Cal Water and/or its existing customers should have paid for the project.

## **II. BACKGROUND**

The circumstances and facts leading up to this Complaint are chronicled in detail in **Attachment A** to this Answer which describes an Agenda Item addressed by Visalia's City Council on April 6, 2015. In brief, upon determining that thirteen property owners served by private wells on or near Atwood Street were in need of a water main from Cal Water's system, the City of Visalia worked with the residents to form an "Atwood Water Main Assessment District" ("Assessment District") for the express purpose of helping those residents fund the main project. Creation of the Assessment District and the accompanying financial assistance was then approved by the City.

Consistent with the terms of the Assessment District, Cal Water entered into a main extension agreement with the City of Visalia on May 12, 2015 (provided as **Attachment B** to this Answer). The City provided an advance of \$233,047 for construction of the Atwood main. (Cal Water refunds such advances over a period of 40 years.) In return, the City levied a "special assessment" on the properties of the 13 residents (see the notice to the Atwood Street Water Assessment District No. 2014-01 included in the Complaint). In addition, the Atwood property owners received a credit of \$7,708 from the City to recognize that Cal Water would be refunding the City's advance over 40 years (without interest) (see page 4 of Attachment A).

Cal Water began construction of the Atwood main on April 22, 2015. In addition to the thirteen services for Complainants, three hydrants were installed along new 8-inch PVC pipe for a total length of 1675 feet. Complainants were tied into the new main and became customers of Cal Water on May 19, 2015. The thirteen property owners of the new Assessment District, some of whom have mailing addresses on streets other than Atwood, are nevertheless referred

to herein as the “Atwood property owners” or the “Atwood residents.” This Complaint appears to have been filed on behalf of eleven of the thirteen Atwood property owners.

### **III. DISCUSSION**

The Complaint arises from what appears to be a basic misunderstanding of the obligations and limitations of Cal Water as the retail water provider in the Visalia area. The Complaint describes Atwood Street as being “only one of two streets in the City of Visalia that did not have a main water pipeline when wells began to fail due to drought conditions” (Complaint, page 2). Complainants allege that Cal Water “failed to upgrade infrastructure in [the Atwood] area in order to maximize profits” (Complaint, page 2).

Generally, extensions of Cal Water’s existing mains in residential areas are constructed at the request of, and are funded by, land developers. Those costs are then passed on to the customers of the developers, and are typically embedded in the purchase price of homes in the development. Alternatively, as in this case, mains extended to meet the needs of individual property owners must be funded by those individuals. To do otherwise would be to burden existing customers with costs for which they will receive no benefit.

One of the Commission’s roles is to protect ratepayers by ensuring that Cal Water only undertakes viable capital projects that will result in plant that is “used and useful” to existing customers, or that is “in the public interest” for other reasons. If Cal Water had invested in constructing the Atwood main years ago when residents were still using well water and were not customers of Cal Water, and then asked the Commission for recovery of those costs through the water rates of existing customers, the Commission would have had a legitimate basis for denying recovery. The Commission would have concluded that the main extension was not “used and useful” for water service to existing customers, and was not otherwise “in the public interest.”<sup>1</sup>

Several other misunderstandings are apparent from the Complaint. For example, while the Complaint asserts that “not all residents of Atwood Street were charged fairly and equally

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<sup>1</sup> In fact, regulated utilities can only earn a return on capital investments that the Commission has determined are reasonable and prudent. Therefore, as a regulated utility, refraining from making a reasonable capital investment is not generally conducive to “maximizing profits” as alleged by Complainants.

to obtain access to a water pipeline” (Complaint at 2), the properties excluded from the Assessment District are corner lots on N. Atwood Street that benefit from being in close proximity to existing Cal Water mains into which they could tie. The Complaint also alleges that Cal Water did not give residents “the opportunity to save money on this project by not obtaining bids” from other contractors” (Complaint, page 2). Nevertheless, as reflected in Cal Water’s November 3, 2014 letter to Ms. White providing a preliminary cost estimate for the Atwood main (included as an attachment to the Complaint), it is Cal Water’s policy to offer people the option of using their own contractor or putting the main extension project out to bid themselves. Furthermore, the letter clearly specified that, if Cal Water oversees construction, “[m]ain extensions larger than 8 inch are put out to competitive bid.” As Cal Water did oversee the project, and ended up using 8-inch pipe for the Atwood main, construction of the project was not put out to bid, consistent with Cal Water’s stated policy.

There also appears to have been a misunderstanding about the cost of obtaining a copy of the detailed designs and specifications prepared by Cal Water engineers to develop the preliminary cost estimate. While Cal Water’s November 3, 2014 letter stated that the deposit to obtain the design plan was \$10,014.00, the Complaint inexplicably refers to a deposit amount of “\$106,822.00” (Complaint, page 2). This may be related to confusion referenced in a subsequent letter from Cal Water. A June 10, 2015 letter from Cal Water (included as an attachment to the Complaint) explains that Cal Water prepared the design plans after receiving an initial deposit of \$1000 from Ms. White, and that the cost to receive the completed design plans was \$10,014 (or an additional \$9,014 after crediting of the \$1000 deposit).

Finally, Cal Water notes that, during the same time period as the Atwood main project, the City of Visalia established another assessment district for the installation of a 6-inch main along Laura Avenue. Construction on the main similarly began in April 2015, and thirteen residents along that street were tied into Cal Water’s system in late May 2015 without incident or complaint.

#### **IV. CONCLUSION**

For the reasons discussed above, Cal Water requests that the Commission dismiss this Complaint. The outcome of the Atwood main installation, while understandably a financial

challenge for Complainants, is nevertheless as equitable as possible given the regulatory tools available and the competing interests at stake.

DATED this 27<sup>th</sup> day of June 2016, at San Jose California:

Respectfully submitted,

CALIFORNIA WATER SERVICE COMPANY

/s/

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Natalie D. Wales  
Regulatory Attorney

## ATTACHMENT A

**City of Visalia**  
**Agenda Item Transmittal**

**Meeting Date:** 4/6/2015

**Agenda Item Number (Assigned by City Clerk):** 2.

**Agenda Item Wording:** Public Hearing to Open Ballots for the Atwood Water Main Assessment District and certain other actions if the assessment is approved by the district.

**Deadline for Action:** 4/6/2015

**Submitting Department:** Transportation and General Services Department

**Contact Name and Phone Number:**  
Eric Frost, 4474

**Department Recommendation:** That the City Council do the following:

- 1) Close the voting period for the Atwood Water Main Assessment District and direct the City Clerk to count the ballots;
- 2) If the vote is in favor of the assessment, to direct the staff to do the following:
  - a. Set the cash assessment per parcel at \$19,195.52.
  - b. Advance \$233,047 to the assessment district to pay Cal Water for the water main construction;
  - c. Authorize staff to credit each of the parcels \$7,708 in recognition that the City will receive the cost of the project back in 40 equal, annual installments without interest from Cal Water. These funds may be used to:
    - i. Reimburse property owners for connection costs to Cal Water if bills are presented within 90 days of this hearing
    - ii. Reimburse property owners for well closure costs if bills are presented within 90 days of this hearing or have the City retain \$2,000 to be made available to the property owner when they close their well;
    - iii. Apply any remaining proceeds to buy down to the assessment.
    - iv. If a property owner fully pays the assessment during the cash payment period, remit any remaining funds directly to the property owner.
  - d. Call for a 30 day cash payment period for any outstanding assessment.

- e. Return to Council after the cash payment period to set the assessment bond amount for any unpaid assessments.
- 3) Authorize the Finance Director to make changes in this program if final costs are less than budgeted.

**Summary:**

The Atwood neighborhood is 13 homes that were developed when the neighborhood was in the County. At the time, the homes drilled wells to provide their homes with water. Over time, the City grew up around the community, but a Cal Water water main was never installed in their street.

The wells on the street are now going dry. To access Cal Water, the neighborhood has to install a Cal Water main. The neighborhood asked the City to form an assessment district to levy a charge against each property owner's property taxes to pay for the Cal Water water main. The action tonight is to determine if the neighborhood wishes to proceed with the assessment bond or not tonight. If approved, a series of other actions are needed to finalize the project and the repayment of the assessment bond.

**Background Discussion:**

In October, the residents of Atwood Street approached the City asking for the City's assistance. The residents of this former county island had all developed wells to provide water for their homes. Several of the 13 homes had wells that had gone dry and other wells were showing signs of stress. The area, however, did not have a Cal Water water main in front of their homes. As a result, when the residents asked to be connected to Cal Water, the water company told them that they would be required to extend a water main to their properties before service could be provided.

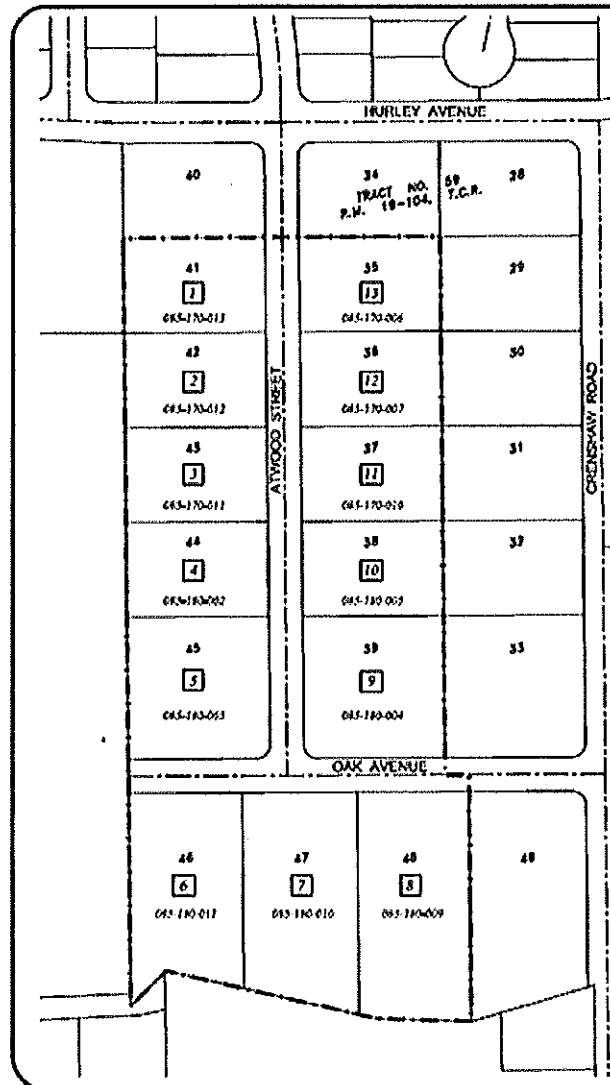
The problem with this requirement was two-fold:

- 1) the cost of the project should be shared by all the residents but no mechanism existed to assure that each resident paid their fair share; and,
- 2) the project's cost was frequently more than the property owner could pay at one time.

The City provided a solution to the problem by allowing the property owners to form an assessment district and then authorizing the district to issue an assessment bond if the property owners approved an assessment district for the bonds. Schematic I, Atwood Assessment District, shows the properties included in the assessment district.



Schematic 1  
Atwood Assessment District



The City further assisted the property owners by agreeing to purchase the bond, allowing the homeowners to avoid the cost of underwriting an assessment bond, typically \$25,000 on small debt issues. This act saves the homeowners about \$2,000 each. The City Council has previously agreed to purchase the bonds at a 4% interest rate over 15 years.

The City also is interested in assisting the homeowners in connecting to the Cal Water system as soon as possible. As a result, Council is asked to advance the funds for the project if the assessment district is approved. This will allow the City to pay the required fees as soon as tomorrow, accelerating the completion of the project. Cal Water has indicated that their contractor will take 14 days to mobilize and another 30 days to complete the project. Thus the project should be completed by mid-May.

Finally, the agreement with Cal Water, as directed by the California Public Utilities Commission, provides that the cost of the project be reimbursed to the developer in equal installments over 40 years WITHOUT interest. Although the City is the project applicant, the funding source is the property owners. The City Council authorized the City to pay the property owners the discounted value of their reimbursement, discounted by 5% per year. Thus, each property owner will receive a credit of \$7,708 which may be used in the following manner:

- i. Reimburse property owners for connection costs to Cal Water if bills are presented within 90 days of this hearing
- ii. Reimburse property owners for well closure costs if bills are presented within 90 days of this hearing or have the City retain \$2,000 to be made available to the property owner when they close their well;
- iii. Apply any remaining proceeds as a buy down to the assessment.
- iv. If a property owner fully pays the assessment during the cash payment period, remit any remaining funds directly to the property owner.

As a result of these several actions, the total cost of the project and assessments are shown in Table I, Atwood Water Main Assessment Project Costs.

Table I  
Atwood Water Main Assessment Project Costs

Homes:	13			
Term (yrs)	15			
Est. Rate	4%			
Annual Assessment		One Time		Cal Water
		Payment		40 year
-Total District	\$22,445	Option		Repayment
- Per Lot *	\$1,745	19,195.92		448.17
Project Costs		\$ 233,047		
Incidental				CalWater
Legal	\$ 10,500			One-time
City Engineering	\$ 3,000			Credit
City Admin	\$ 2,000			7,708
Publication, Misc	\$ 1,000			
		\$ 16,500		
Total Estimated Cost		\$ 249,547		
* includes an \$18 annual County processing fee				

The actions tonight are to:

- 1) Close the voting period for the Atwood Water Main Assessment District and direct the City Clerk to count the ballots;
- 2) If the vote is in favor of the assessment, to direct the staff to do the following:
  - a. Set the per parcel assessment at \$19,195.92;
  - b. Advance \$233,047 to the assessment district to pay Cal Water for the water main construction;
  - c. Authorize staff to credit each of the parcels \$7,708 in recognition that the City will receive the cost of the project back in 40 equal, annual installments without interest from Cal Water. These funds may be used to:
    - i. Reimburse property owners for connection costs to Cal Water if bills are presented within 90 days of this hearing
    - ii. Reimburse property owners for well closure costs if bills are presented within 90 days of this hearing or have the City retain \$2,000 to be made available to the property owner when they close their well;
    - iii. Apply any remaining proceeds as a buy down to the assessment.
    - iv. If a property owner fully pays the assessment during the cash payment period, remit any remaining funds directly to the property owner.
  - d. Call for a 30 day cash payment period for any outstanding assessment.
  - e. Return to Council after the cash payment period to set the assessment bond amount for any unpaid assessments.
- 3) Authorize the Finance Director to make changes in this program if final costs are less than budgeted.

**Fiscal Impact:** Eventually, all costs of this project will be borne by the property owners.

**Prior Council Action:** The City Council formed the district in December and issued an engineer's report in February.

**Other:**

**Committee/Commission Review and Action:**

**Alternatives:** The homeowners could directly work with Cal Water to pay for this project.

**Attachments:**

**Recommended Motion (and Alternative Motions if expected):**

- 1) If the vote is in favor of the assessment, direct the staff to do the following:
  - a. Set the per parcel assessment at \$19,195.92.
  - b. Advance \$233,047 to the assessment district to pay Cal Water for the water main construction;
  - c. Authorize staff to credit each of the parcels \$7,708 in recognition that the City will receive the cost of the project back in 40 equal, annual installments without interest from Cal Water. These funds may be used to:
    - i. Reimburse property owners for connection costs to Cal Water if bills are presented within 90 days of this hearing
    - ii. Reimburse property owners for well closure costs if bills are presented within 90 days of this hearing or have the City retain \$2,000 to be made available to the property owner when they close their well;
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  - e. Return to Council after the cash payment period to set the assessment bond for any unpaid assessments.
- 2) Authorize the Finance Director to make changes in this program if final costs are less than budgeted.

Copies of this report have been provided to:

**Environmental Assessment Status**

**CEQA Review:**

## ATTACHMENT B

Proj. No. VIS-99298

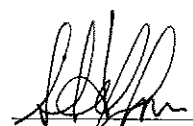
"C" Rule Extension  
Company Installation  
Form 1520

**AGREEMENT**

THIS AGREEMENT, made and entered into this 12<sup>th</sup> day of May, 20 15, by and between the person or persons listed in Paragraph 1 hereof, hereinafter collectively referred to as the "Applicant," and CALIFORNIA WATER SERVICE, a California corporation, hereinafter referred to as "Utility,"

**WITNESSETH**

WHEREAS, the Applicant is the owner of that certain real property ("Property") situate, lying and being in the County of **Tulare**, State of California, delineated on that certain map attached hereto as Exhibit "A"; and

  
Reviewed by New Business

5/19/15  
Date

WHEREAS, Applicant desires to have water service available in the Property through and by means of mains and appurtenances to be installed therein substantially as shown on that certain map attached hereto as Exhibit "A," and by services (including service pipes, fittings, gates and housings therefor, and meter boxes) to be installed in accordance with Utility's usual practices, said mains, appurtenances and services being hereinafter referred to as the "Facilities;" and

WHEREAS, upon the terms and conditions herein set forth, Utility is willing to install the Facilities and to furnish water service in the Property through and by means thereof at the rates and in accordance with the rules of Utility now in force in its **Visalia District**, or that may from time to time hereafter be lawfully established in said district.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants, agreements, terms and provisions herein contained, it is agreed as follows, to wit:

1. **Applicant.** The names, addresses and descriptions of the person or persons herein collectively referred to as "Applicant" are as follows:

<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Description</u></b>
City of Visalia Attention: City Manager	425 East Oak Suite 301 Visalia, CA 93291	Incorporated Entity

2. **Applicable Rule.** This Agreement is entered into pursuant to the requirements and in accordance with the various applicable provisions of Utility's Main Extension Rule, hereinafter referred to as the "Rule," in effect and on file with the California Public Utilities Commission "Commission;" a copy of the Rule is attached hereto as Exhibit "B." This Agreement does not, therefore, require specific authorization of the Commission to carry out its terms and conditions.

**3. Applicant's Deposits.**

(a) The Facilities are designed to meet the minimum fire flow requirements set forth in Section VIII.1.(a) of the Commission's General Order No. 103, as ordered by Decision No. 82-04-089, dated April 21, 1982. The estimated installed cost of the Facilities is \$235,843.00 and in accordance with Commission Decision No. 87-09-026 dated September 10, 1987, Applicants estimated C.I.A.C. tax liability is \$7,990.00 for a total of \$243,833.00 hereinafter referred to as the "Estimated Cost." Applicant has advanced to Utility \$233,047.00 receipt of which is hereby acknowledged by Utility. *ET 5/15/15*

(b) The total installed cost of the following Facilities subject to refund hereunder is estimated to be \$235,843.00: *OK 5/26/15*  
*WDM 5/28/15*

1675' of PVC C900 pipe 8"  
1 Tie-in to Existing Water Main  
1 Tie-in to Existing Water Main  
5 Short Services  
2 Long Services  
6 Long Services-Common Trench  
3 Fire Hydrant Connections  
700sqft special - paving at existing paved driveways  
Special Facility Fees

(c) The total installed cost of the following Facilities not subject to refund hereunder is estimated to be \$-0-:

**4. Installation of Facilities.** Utility agrees that it will, as soon as necessary materials and labor are available and necessary permits, franchises, licenses or other governmental authorizations have been obtained, commence and prosecute to completion, with all reasonable diligence, the work of installing the Facilities. Utility reserves the right to make such changes in design or materials as it may deem necessary. Within sixty (60) days after Utility has ascertained its actual costs in installing the Facilities, it will provide statement of Applicant with a the same showing in reasonable



detail the costs incurred. If such actual construction costs shall not have been determined within one hundred twenty (120) days after completion of construction work, a preliminary determination of actual costs shall be submitted, based upon the best available information at that time. If such actual costs as finally determined shall be greater or less than the Estimated Cost, the difference shall be advanced by Applicant to Utility or repaid by Utility to Applicant, as the case may be, and the Estimated Cost adjusted accordingly. The Estimated Cost of those Facilities listed in Subparagraph 3(b) hereof, as so adjusted, shall be Applicant's Advance Subject to Refund. If, at any time following installation of the Facilities, Utility, upon written request of Applicant, shall abandon a portion of the Facilities, Utility shall promptly notify Applicant of the installed cost of the Facilities so abandoned, and Applicant's Advance Subject to Refund shall, as of the date of such notice by Utility, be reduced by the amount of such installed cost set forth in such notice.

**5. Engineering and Street Grades.** Applicant agrees to set stakes on the street and lot boundaries and provide Utility with finished street grades and typical cross sections to enable Utility to determine a location for the mains and the depth to which they are to be laid. Utility will determine the locations and depths of the mains in relation to the data furnished by Applicant. Installation of the mains will not be commenced by Utility until street grades have been brought to those established by public authority. In the event Utility incurs any costs or expense in relocating, raising or lowering the Facilities by reason of inaccuracy of Applicant in performance of its obligations under this paragraph, Utility shall give written notice to Applicant of such actual cost or expense within ten (10) days after Utility has ascertained the same, and Applicant agrees to pay Utility promptly the amount thereof, which shall not be subject to refund by Utility hereunder.

**6. Applicant's Agreements.**

(a) Applicant agrees to use its best efforts to assist Utility to obtain any and all permits, franchises or other governmental authorizations which may be required for the installation of the Facilities. Applicant further agrees to convey or cause to be conveyed to Utility any and all easements and rights-of-way which may be necessary or reasonably appropriate for installation of the Facilities.

(b) Applicant agrees to comply with applicable provisions of local building codes and/or ordinances relating to (i) interior plumbing requirements in new buildings covering toilets, shower heads and kitchen and lavatory faucets, as set forth in Section A.4.e.1. of the Rule, and (ii) design and operation of automatic irrigation systems in parks, median strips, landscaped public areas and landscaped areas surrounding condominiums, townhouses, apartments and industrial parks, as set forth in Section A.4.e.2. of the Rule.

**7. Refunds.** Provided that Applicant is not in default hereunder, Utility agrees to make annual refunds hereunder to Applicant in cash, without interest, for a period not to exceed forty (40) years from the date hereof, commencing not later than six (6) months after the first anniversary date hereof. Each such annual refund shall equal two and one-half percent (2½%) of Applicant's Advance Subject to Refund. If any portion of Applicant's Advance Subject to Refund shall not have been refunded upon termination of said 40 year period, Utility shall refund said portion to Applicant with the last refund payment hereunder. The total amount refunded hereunder shall not exceed Applicant's Advance Subject to Refund, without interest.

**8. Utility's Right to Offset.** In the event Applicant shall become entitled to a repayment or refund under the provisions of this Agreement, Utility shall have the right, at such time, to offset against the amount then due Applicant hereunder, the total amount of any indebtedness then due or owing by Applicant to Utility.

**9. Ownership.** The Facilities to be installed hereunder and all construction work in connection therewith shall be and remain at all times the property of Utility, and Applicant shall have no right, title or interest whatsoever in or to the same.

**10. Construction Delay.** Utility shall not be responsible for any delay in construction resulting from any cause beyond its control, including, without limiting, the generality of the foregoing, any delay resulting from inability to obtain sufficient proper materials and supplies, labor disturbances or shortages, or weather conditions, or inability to obtain necessary permits, licenses, franchises or other governmental authorizations. In the event Utility is unable to obtain sufficient materials to meet all construction requirements necessary to provide adequate service to all its customers, it shall be entitled to allocate materials obtained by it to such construction projects as in its sole discretion it deems most important to service needs of its customers, and any delay in construction of the Facilities resulting from any such allocation of materials by Utility shall be deemed to be a cause beyond its control and it shall not be responsible for such delay.

**11. Notices.** Any notice, which it is herein provided, may or shall be given by either party to the other, shall be deemed to have been duly given when deposited in the United States mail, registered or certified, postage prepaid and addressed to the party to whom such notice is given at the following respective addresses:

To Applicant:           425 East Oak  
                              Suite 301  
                              Visalia, CA 93291

To Utility:               1720 North First Street  
                              San Jose, CA 95112

Either party, by notice given as hereinbefore provided, may change the address to which notices shall thereafter be addressed.

**12. Nature of Obligations; Assignment.** If more than one person is named in Paragraph 1 hereof, the obligations of the persons executing this Agreement shall be joint and several. Until Applicant shall notify Utility in writing to the contrary, all refunds hereunder shall be paid by Utility to **City of Visalia, attention: City Manager**. Applicant may assign this Agreement only after (a) determination of the amount of Applicant's Advance Subject

to Refund, (b) settlement of any amounts owing to Utility or Applicant under Paragraph 4 hereof by reason of a difference between Estimated Cost and actual cost, and  
 (c) written notice to Utility. Any such assignment shall apply only to those refunds hereunder which become due more than thirty (30) days after the date of receipt by Utility of such notice of assignment. Utility will not make any single refund payment hereunder to more than one person.

**13. Successors and Assigns.** Subject to the provisions of the preceding Paragraph 12, this Agreement shall inure to the benefit of and shall bind the respective heirs, executors, administrators, successors and assigns of the parties hereto.

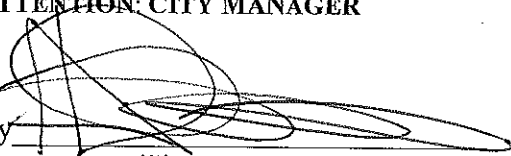
**14. Jurisdiction of Public Utilities Commission.** This Agreement shall at all times be subject to such changes or modifications by the Commission as the Commission may from time to time direct in the exercise of its jurisdiction.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate the day and year first above written.

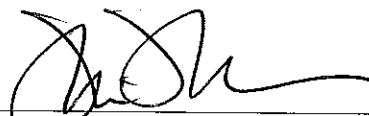
**CITY OF VISALIA  
 ATTENTION: CITY MANAGER**

**CALIFORNIA WATER SERVICE**

By

  
 (Signature)

By

  
 Vice President

By

Michael Olmos, City Manager  
 (Print Name and Title)


By

Tim Nelson  
 (Print Name)

By

(Signature)

By

  
 Secretary

By

(Print Name and Title)

By

Michelle Mortensen  
 (Print Name)

Applicant

Utility

94-6000449  
 Federal Income Tax Identification  
 Number or Social Security Number